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C O N F I D E N T I A L SECTION 01 OF 02 TEL AVIV 006680

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TAGS: PGOV PREL ECON KWBG IS ISRAELI PALE SUBJECT: MFA OFFICIALS ON REGIONAL ISSUES ISRAELI PALESTINIAN AFFAIRS GOI EXTERNAL GOI INTERNAL PEACE PROCESS

Classified By: CHARGE D' AFFAIRES GENE A. CRETZ, REASONS 1.4 (B) AND (D

11. (C) Summary: MFA officials told NEA DAS Danin that there are two important questions regarding Middle East peace efforts -- how engaged the U.S. can be in the process when it is tied up in Iraq and elsewhere, and how to keep Israelis engaged when they will be diverted by the upcoming election. The MFA officials said that only the international community can successfully advance regional efforts to support Israeli-Palestinian peace because the two most important regional players, Egypt and Saudi Arabia, cannot. They asserted that Egypt opposes Israel becoming a regional player, and that Saudi Arabia, while not opposed, is too passive. Muslim countries normalizing relations with Israel can promote peace by giving increased financial and political support to Mahmud Abbas, s policies of negotiation and countering extremism, they said. End summary.

Questions about Short-term Engagement

12. (C) NEA DAS Robert Danin on November 14 and 16 discussed Israeli-Palestinian and regional issues with various MFA officials in Jerusalem. North America Division Deputy Director General Ambassador Yoram Ben Zeev said he believes that there are two important questions regarding Middle East peace efforts -- how engaged the U.S. can be in the process when it is involved in Iraq, Afghanistan, and elsewhere, and how to keep Israelis engaged when they will be diverted by the upcoming election. Ben Zeev said that it is important for the region to know that the U.S. is, and will continue to be, serious about pursuing Middle East peace. He said that no politician will want to take bold initiatives when he is concerned about winning elections. The run-up to the election has to be considered "downtime" as far as diplomatic efforts are concerned. Another issue is what the future relationship between the U.S. and Hamas would be if that organization wins the Palestinian elections or receives a big majority. Ben Zeev said that some Israelis believe Washington is sending a mixed message regarding groups such as Hamas, labeling them as terrorists, but, at the same time, willing to accept their participation in the political process. Ben Zeev pointed out that the Hamas charter still calls for the destruction of Israel, which makes it difficult for the GOI to accept Hamas participation in the Palestinian Authority.

Fragile Peace Efforts

(C) Ben Zeev cautioned that progress accomplished to date could in a second slip away and lapse into vicious violence. He said that it will only take another suicide bomber and an Israeli attack in response to harden minds and hearts on both sides. Ben Zeev suggested that the most important thing the U.S. could do to promote a regional environment for peace is win the war in Iraq. Moreover, he said, Washington, Israel, and the international community should immediately follow positive actions and statements by the Arabs and Palestinians with "sweet carrots." Ben Zeev said that in order to encourage forward movement, sticks should be painful and carrots should be very sweet. He said that Israel had wasted opportunities in the past when it did not treat neighbors with generosity and tact.

Key Regional Players

14. (C) Officials from the MFA Center for Political Research Harry Kney Tal, Benny Dagan, and Yair Even shared thoughts on how to best regionalize the Israeli-Palestinian issue. Kney Tal said that there are two major regional players in the region -- Egypt and Saudi Arabia. The Egyptians oppose Israel becoming a regional player and therefore are lukewarm about resurrecting the multilateral process. Kney Tal described the Saudis as passive. He said that the only way to restart the multilateral process would be if the international community intervenes. He noted that Mahmud Abbas is not opposed to renewing the multilateral track, but does nothing to help advance it. Dagan said that the Saudis would only do something if given the green light by Egypt and Mahmud Abbas. He added that Mahmud Abbas should be more proactive on getting support from the Saudis, including greater financial aid. Yair Even suggested that working through the OSCE may be one option for kickstarting the multilateral process.

Looking Down the Road

- 15. (C) Kney Tal said the peace process reflects not just Israel,s desire for normal relations, but its desire for legitimization in the eyes of the Muslim world. Gradual normalization can provide opportunities for some form of bilateral relations with Muslim states, he said. He claimed that a number of Gulf countries are discussing some form of relationship with Israel, although the Saudis are not encouraging them. The more that Muslim countries, including encouraging them. The more that Muslim countries, including non-Arab Muslim countries, go beyond simply publicizing contacts with Israel, the broader the support will be for Middle East peace, he said. Dagan added that Muslim countries, gradual normalization with Israel helps to give Mahmud Abbas increased support for his policy of negotiation. It would also help Abbas to deal with Hamas and extremist elements. He said that Muslim countries trying to reach out to the Israeli public would also help promote peace.
- 16. (C) Kney Tal said he told Likud party members years ago that the occupation should be ended. Holding on to the occupied territories would not solve the important problems such as the demographic time bomb or WMD that face Israel. The occupied territories have lost their strategic value and have instead become a problem, he said.

U.S. Role

- \P 7. (C) Kney Tal and Dagan asserted that the U.S. should work with Egypt and Saudi Arabia to get them more engaged in supporting Israeli-Palestinian peace. Noting that Egypt which shares a border with Gaza, has a stake in avoiding setbacks, Dagan said that Cairo should play a more instrumental role than it has in the past. Kney Tal said that the new Saudi ambassador in Washington and the former Saudi ambassador to Washington, who is now Riyadh,s new National Security Advisor, are both excellent interlocutors for the U.S. to engage on these peace efforts.
- 18. (C) DAS Danin cleared this cable.

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